

SENATE BILL 7 (STEINBERG) – 2013

QUALITY CONSTRUCTION AND CAREERS PRESERVATION ACT

SUMMARY

In public works contracting, prevailing wage includes hourly wage, health and pension and apprenticeship, paid to the majority of workers within a local area. For over a hundred years, state and local governments have required that companies that want to contract for public works must pay their workers a wage that reflects wages commonly received in the area. The belief is that government, as a major purchaser in the construction sector, should not use its buying power to drive down wages and negatively impact the quality of the existing and future workforce in doing so. Local exemptions would create a race to the bottom for the entire industry as prevailing wages call for workers on a government contract to be paid the same rate as comparable workers in the private sector. Therefore, the State should provide a financial incentive for charter cities to follow the prevailing wage law.

BACKGROUND

The State's prevailing wage law (Labor Code 1720 et seq.) applies to contractors and subcontractors on public work. The law requires contractors and subcontractors to pay prevailing wages to their employees, to hire apprentices from state-approved apprenticeship programs, and to make monetary contributions for apprenticeship training. Awarding bodies are required to include, in their public works contracts, specifications that require contractors to comply with the prevailing wage law.

Unlike state agencies, counties, general law cities, school districts, utility districts, and special districts, charter cities need not follow the prevailing wage law when awarding municipal construction projects. The California Supreme Court has held that the payment of wages by contractors on a municipal project is a "municipal affair" under the California Constitution, so charter cities can excuse contractors on such projects from following the state prevailing wage law.

THE PROBLEM

There have been recent attempts throughout California where general law cities are attempting to convert to a charter city, thus exempting themselves from the prevailing wage laws as they relate to locally funded projects.

THIS BILL

SB 7 would provide that a charter city is not eligible to use state funds or financial assistance for its construction projects unless the city has a policy of requiring contractors on all its municipal projects to comply with the State's prevailing wage law.

Under SB 7, a charter city would not be eligible to receive state funding if either: 1) the city has a charter provision or ordinance that excuses contractors from complying with the prevailing wage law on any projects, or 2) within the current calendar year or prior two calendar years, the city has awarded public works contracts without including the specifications required by the prevailing wage law.

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